

UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

**UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS MEETING**

August 25, 1994, 10:00 a.m.
UAC Offices, Salt Lake City

Members Present: Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Dixie Thompson, *Secretary*, Emery County Commissioner
Max Adams, Uintah County Commissioner
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Ty Lewis, San Juan County Commissioner
Gary Sullivan, Beaver County Commissioner

Others Present: Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
David Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Harry Bowes, UACIM Consultant
Doug Alexander, AIMS Branch Manager

Gary Herbert called the meeting to order at 10:15 a.m.

Review of Board Member's Absent

There were no absentees this meeting.

Review and Approval of July Minutes

Dennis made a motion to approve the July 19, 1994, minutes as written. Sid seconded the motion and the motion carried.

Ratification of Board Action on July 22, 1994

Gary Herbert read the minutes of this telephonic conference to the Board. Dennis made a motion to ratify the Board action. Max seconded the motion and the motion carried.

Introduction of Auditor

Brent introduced Roger Walters, Senior Examiner for the Utah State Insurance Department. The Board introduced themselves to Roger who explained that with the revision of the Insurance Code in 1986, an inter-local agency was brought into the jurisdiction of the Utah Insurance Department and as such was charged with the duty of regulating the public mutual agencies. This audit is strictly a routine examination performed every third year. Upon completion of this examination, Roger will go over the report with the Administrator, then the report will be turned over to the Insurance Department. The Insurance Department will send copies of the report to UACIM in which UACIM will have 20 days to respond to the report. If the report is okay and UACIM does not respond, a finalized copy will follow at which time the report becomes a public document.

Adoption of Policy on Special Districts

Kent read the policy which was rewritten, pursuant to the Board's request. Dixie made a motion for the UACIM Broker to send a "response requested" letter to all member counties with a copy of this Policy along with a listing of each county's special districts showing those districts that qualify for coverage, under this Policy, and those districts that do not. The counties should promptly contact the UACIM Brokers and/or Administrator regarding those districts that are not covered. The letter should also advise that the UACIM Loss Prevention Manager will review the districts at the county risk reviews to assure that the districts do qualify under the Policy. Max seconded the motion, Dennis made a motion to table Dixie's motion and the later motion carried. Dennis made a motion to rescind the prior Policy on Special Districts adopted 12/31/92 and adopt the rewritten policy with the change of *Board of County Commissioners* to read *governing body* and the acronym UACIM spelled out initially and then hereinafter referred to as UACIM. Dixie seconded the motion and the motion carried. The motion that was tabled carried. The Board requested that this issue be listed as an agenda item for the November Membership Meeting.

HB76, Insurance Fraud Act

Brent reviewed a letter from Commissioner Robert Wilcox of the Utah Insurance Department concerning HB76 that passed in the last session. With this passage, the Insurance Department is charging all Insurance Companies an annual fee to set up an Insurance Fraud Unit based on the amount of collected premium. They have assessed the Mutual for \$175.00. Max made a motion to pay this fee. Dixie seconded the motion and the motion carried.

Review of Loss Control Audit

Brent reviewed with the Board the written report from Allen Chapman, CTSI Loss Prevention Manager, and David Nelson's Time-Line for Implementation to Allen's recommendations. The Loss Analysis and Loss Ratio reports, mentioned in Section A, will be provided by Aon Insurance Management Services so that David may have the information needed to provide the counties with a Loss Data Line-Graph by the next Board meeting in September.

The Board requested Brent to contact Allen to clarify "prioritize" in Section B and review his recommendations on items that David is already enacting. The Board advised David to continue his recommendations as he has been until advised otherwise by the Board.

David will supply the Board with a list of mandated requirements for consideration at the next Board meeting in September, pursuant to Section C.

The Board agreed with David's responses to Section D and advised expanding training on a county level in Section E. In Section F the Board requested David's reports to give more detail and to be sent to the Board in advance of the meetings. In Section G David will give a more detailed presentation for the membership at the annual meetings. A balance between regional and county level training will continue as David has been performing pursuant to the Board's direction on Section H.

Section I is up to the Board, there was no discussion. David will submit a budget to begin building a reference and training library (for David's use in conducting training) to be included in the 1995 Budget pursuant to Section J. The Board agreed with David's responses to Sections L and M and pursuant to Section N, Harry and David will have the completed Loss Prevention Manual for the membership at the November meeting. The Board agreed with David's responses to Sections O and P. The Board's overall feeling with the audit was that it gave the Board and the Administration an idea of how the Loss Prevention efforts are going and what direction these efforts should be heading.

1995 Budget

Brent reported that Jess Hurtado and Keri Chappell, UACIM Brokers, were unable to attend this meeting and a critical part of the budget is how the Mutual can begin to develop the premium contributions for next year to include loss history. Jess and Keri have ideas from other states on how these contributions have been utilized. Therefore, the budget will be discussed fully at the September meeting.

Brent recommended to the Board that they may want to look seriously at hiring a full-time Administrator to be included in the 1995 budget whose duties may include loss prevention assistance. The agenda for the September Board meeting will consist mainly of discussion of the 1995 budget.

Loss Summary and Financial Statements Review

Brent reviewed the loss summary report, month ending July 1994, comparing this report to last month in total claims paid per accident type in 1992, 1993 and to date 1994. Loss trends in auto physical damage continue as well as large general liability (civil rights) claims.

Brent reviewed extensively the financial statements, month ending July 1994, comparing the statements to last month noting that surplus is continuing to build (as IBNR and claim reserves are being closed, money shifts to surplus). The Mutual is up on investment revenues, down on open loss reserves in 1992 and 1993 but up in 1994. Several large claims have put the Mutual over budget on paid losses which the Mutual may have to submit to the excess carrier.

Coopers & Lybrand Actuarial Report

Brent reviewed the report, given to each Board Member, from Coopers & Lybrand who indicated they have based their opinion on the data from the Mutual and from the Insurance Industry. The actuarial opinion is that the UACIM's net losses are within Coopers & Lybrand's range of reasonable estimates." This document will be submitted to the Insurance Department to verify that the Mutual has third-party actuaries that are giving the Mutual an opinion on the operation.

PRIMA

Sonya reviewed the 1994 calendar of the Utah PRIMA Chapter with the Board. Kent verified with the Utah Chapter that an organization cannot join but an individual from that organization can join. Kent recommended that David join the local chapter and felt that the training is very useful. Ken made a motion for David to join the Utah Chapter in 1995 for an annual \$50.00 membership fee. Dennis seconded the motion and the motion carried.

Sonya also reviewed the National PRIMA training calendar showing the Fall Pool Trustees Seminar in October, that may be of interest to the Board. If anyone would like to attend they can contact Sonya.

Jail Standards

Kent reported that in July the Board and the Litigation Management Committee were invited to attend the Sheriff's Association meeting to discuss the review of the Jail Standards and the implementation. Gary DeLand presented material which those in attendance formed a sub-committee of Sheriffs and Jail Commanders to meet with the Litigation Management Committee (LMC) to review Sections A-E. The LMC met with Gary DeLand on August 2 and made several suggestions to him then in turn met with the Sheriffs sub-committee on August 9 and went over the suggestions. Considering the suggestions, Gary DeLand has delivered the final Standards Sections A-E. This process will continue on the remaining sections with the next meeting scheduled for August 30. Also, discussed in these meetings, is the realization of what these Standards are, which is merely a guideline for each individual county to draft their own Jail Standards.

Loss Prevention Report

David reviewed the highlights of his activities since the last meeting which include: 1) Ideas of Incentives to Comply for consideration by the Board. The Board agreed that recognition at the annual meeting in front of the membership would be beneficial as well as recognition in the quarterly *Mutual Matters* Newsletter. Premium credits will be considered as the Rating Committee reviews loss history. 2) David reviewed the GSTN videos and it is his recommendation that the issues in these videos are directed more to the county level rather than a UACIM interest and the UACIM monies could be better spent elsewhere. 3) David will work with Mark Walsh and Brent in the upcoming legislative session to include county government in Utah Code 63A-4-206. 4) A four-hour training session is scheduled during the UAC Convention in November in conjunction with the SWAPA Convention regarding wrongful

termination, personnel discipline and related civil rights issues. 5) David met with Beaver County Fair officials regarding the demolition derby. After visiting the site, David had no recommendation and his understanding is the derby went without incident. 6) Ongoing regional training on FLSA and Sexual Harassment. 7) David is working with the Sheriff's Association and the LMC on the Jail Standard revisions. 8) Consulting with counties regarding personnel discipline issues.

The Board agreed that a more detailed report from David is needed to include items such as who was in attendance at the training seminars and what counties were represented, what counties were given risk reviews with an attachment of the recommendations and report on any unique problems or potential risks, etc. Also, David's report should refer to the *Goals and Objectives* when training, risk reviews, etc., have been completed.

Consultant Report

Harry agreed with Brent and recommended to the Board to consider hiring a full-time Administrator of the Mutual by 1995. Harry is working on a job description for this position and will assist the Board and Brent, if needed, in the hiring process.

Harry encouraged the Board to move forward with a rating contribution formula for 1995. His experience has shown that this form of premium base has assisted in loss prevention efforts.

Harry gave an update on the Out-of-State Transportation issue reporting that the Community Transportation Association of America (CTAA) is on-top of this issue. In his review of the Department of Transportation Federal Highway Administration section of law, which deals with this issue, it was the intent of Congress to apply this to commercial transportation carriers, not to the local senior citizen's center, meals-on-wheels, etc. The CTAA has testified before the sub-committee of the Interstate Transportation Committee and the Transportation Act Review Committee proposing change in the law. One of the CTAA's strategies is to get the support of the Public Transit Industry, State Transportation Officials, Local Transportation Officials, Government Officials and other Associations. Harry recommended that the Mutual may want to get this issue on the NACo agenda to support CTAA's efforts. The Board requested Harry to draft a letter to NACo and work with Brent to get this on their agenda.

Harry recommended that the Mutual may want to have Brent work on the bidding requirements this coming legislative session.

Harry brought files, that he has kept on the Mutual, from his office to be kept at the UACIM Office. A list of the file contents was given to Brent.

National Union Disclaimer of Coverage

Brent reviewed the circumstances surrounding a Washington claim in which a disclaimer of coverage letter was sent to Washington County. Washington County Commissioner, Russell Gallian, in turn sent a letter to Brent listing his concerns involving the *Pollutant Exclusion* and other exclusions under the Mutual's policy and the excess carrier's policy. Aon Insurance Management Services has sent the disclaimer letter out for a third-party opinion. Brent responded back to Commissioner Gallian that his letter has been submitted to the LMC and the Board of Directors for review. The Board requested Harry to research the *Pollutant Exclusion* and the LMC to review extensively Commissioner Gallian's letter and report back to the Board with chronological recommendations at the next meeting.

Litigation Committee & Claims Report

Dennis made a motion for the Board to go into executive session to discuss the Litigation and Claims Report. Gerald seconded the motion and the motion carried.

Ken made a motion for the Board to go out of executive session. Dennis seconded the motion and the motion carried.

Ken made a motion to authorize settlement up to \$30,000.00 on claim number 801DAV937007. Gary Sullivan seconded the motion and the motion carried.

Dennis made a motion to authorize repair of county vehicle for \$82,000.00 on claim number 801EME947003. Gerald seconded the motion and the motion carried.

Ty made a motion to authorize settlement with the claimants mother up to \$55,000.00 on claim number 801IRO947005. Gerald seconded the motion and the motion carried.

Other Business

Gary Herbert reviewed points of interest with the Board regarding a news article on the amount Salt Lake County has paid out in claims under their self-insurance program. Also, the Board reviewed a letter from Nathan Clark of Energy Mutual Insurance Company offering assistance with Workers Comp. Brent has replied back to Nathan explaining that the Mutual has put Workers Comp on hold at this time.

The next Board meeting is scheduled for September 29, 1994, at 10:00 a.m. in the UAC Offices in Salt Lake City. The October meeting is tentatively scheduled for the 27.

Agenda

UACIM BOARD OF DIRECTORS MEETING

August 25, 1994, 10:00-2:00

*Utah Association of Counties Offices
Salt Lake City*

AGENDA TOPICS

10:00 AM	Call To Order	Gary Herbert
	Review of Board Member's Absent	Gary Herbert
	Review and Approval of July 19, 1994 Minutes	Gary Herbert
	Ratification of Board Action on July 22, 1994	Gary Herbert
Section 1	Special Districts Policy	Gerald Hess & Kent Sundberg
Section 2	HB 76, Insurance Fraud Act	Brent Gardner
Section 3	Review of Loss Control Audit	Brent Gardner
	1995 Budget	Brent Gardner
Section 4	Loss Summary & Financial Statements Review, Review of Loss Summary Spreadsheets	Brent Gardner
12:00 PM	LUNCH	
	Coopers & Lybrand Actuarial Report	Brent Gardner
Section 5	PRIMA	Sonya White
	Jail Standards	Kent Sundberg
Section 6	Loss Prevention Report	David Nelson
	Consultant Report	Harry Bowes
Section 7	National Union Disclaimer of Coverage	Brent Gardner, Doug Alexander
	Litigation Committee & Claims Report	Kent Sundberg, Doug Alexander
Section 8	Other Business	Gary Herbert
2:00 PM	Adjourn	Gary Herbert

LOSS PREVENTION REPORT

David L. Nelson, Loss Prevention Manager

UACIM BOARD OF DIRECTORS MEETING

AUGUST 25, 1994

1. Adoption of Incentive to Comply The following recommendations are submitted to the Board of Directors. These are to be used as positive incentive tools in Loss Prevention compliance and training involvement.
 - Earned Premium Credit based upon percentage of involvement and total premium.
 - Recognition by way of plaque and/or certificates.
 - Recognition in quarterly UACIM *Mutual Matters* Newsletter.
 - Recognition at November Membership Meeting.
 - Recognition in local media and/or newspaper.
 - By way of Board of Director's mandate, such as seat belt policy, personnel policy and sexual harassment policy.
2. Government Service Television Network Analysis After reviewing the pros and cons to this program, I would recommend that it be left up to the individual county as to the level of their involvement. The service offers help on county issues of a non-UACIM interest. Also, it would be very difficult to monitor and/or track these tapes.
3. I will work with Brent and Mark in the upcoming legislative session to include county government in the Utah Code 63A-4-206, *Limiting the Use of Risk Management Data*.
4. Met with Bill Hyde, Salt Lake County Attorney and SWAPA Official, to set agenda for UAC November meeting. It will be a four hour training session dealing with wrongful termination, personnel discipline and related civil rights issues. The presenter is yet to be determined.
5. Met with officials of the Beaver County Fair and Demolition Derby per Keri Chappell's request and Commissioner Sullivan's concern. No recommendations were issued after visiting the site.
6. Held regional training in Logan, Moab and upcoming in Fillmore (August 30) relating to FLSA, FMLA and Sexual Harassment. The scheduled training in Vernal and Cedar City had to be canceled due to insufficient enrollment.
7. Met with the Utah Sheriff's Association and Litigation Management Committee regarding the Jail Standards revision.
8. Consulted and visited with Emery and Millard Counties regarding termination and personnel discipline issues.

David L. Nelson's *Time-Line for Implementation* pursuant to Allen E. Chapman's Audit

- A. AEC: Last quarter and annual loss reports; These reports indicate that the losses were in GL, Civil Rights, Auto, in this descending order of severity.* There was no Loss Analysis Report which is critical to identify areas of specific loss, both frequency and severity, and to help determine loss trends. In addition, there were no Loss Ratio reports and Loss Ratio line graphs. These should be developed and given to the counties on a quarterly basis as well as being incorporated into the Loss Analysis presentations that are given to the county contacts and Loss Prevention Committees, on a quarterly basis, and to the Board of County Commissioners at a minimum of an annual basis during their County Commission Meeting (part of their agenda).

DLN: Implementation by August 31, 1994.

- B. AEC: Loss Prevention Recommendations; In reviewing several of these and the proposed "Standard Recommendations", I found these to be technically sound although* I thought that there was a lack of vehicle specific audits and recommendations and recommendations requiring emergency procedures and training.* Also, there was no supportive data (excerpts from various codes, regulations, etc.) as attachments to insure credibility of the recommendations.* Recommendations should be used to identify and put members on notice as to areas of loss prevention concern. The Loss Prevention Representative cannot be the Safety Cop assuring 100% compliance of all recommendations, nor should he prioritize the recommendations. Also, a standard cover letter with a disclaimer (to protect the Mutual) and an expected response time as well as a follow-up system and a second notification with a determined response time should be sent to the BOCC Chair in the event of no response on the initial mailing of recommendations.

DLN: I will inspect/audit vehicles beginning with next county risk review. I have been issuing recommendations on emergency procedures and training. I will continue to do so. I will add supportive data to recommendations. I started prioritizing recommendations in 1994 as requested by the Board of Directors. I have been issuing a standard disclaimer in the recommendation letter and will continue to do so (see attachment #1). A follow-up system and second notification is in place and has been used and will continue to be used (see attachment #2).

- C. AEC: List of mandated Loss Prevention requirements; None were found to exist at this time as mandated from the Board.* Consideration should be given to at least certain minimum requirements for each member such as, Safety Policy Statement, Seat Belt Policy (mandatory use), Drug Free Workplace Policy, Sexual Harassment Policy.

DLN: I will have a list of mandated requirements to be considered by the Board of Directors for the September meeting.

- D. AEC: Loss Prevention Schedule for 1994; A number of proposed training sessions were defined in this document, although there were no training sessions concerning areas of high loss such as Auto and Civil Rights.* This schedule needs to be established as a basic guide and it needs to become extremely flexible and need driven, due to loss development.

DLN: I refer to the attached 1994 goals and objectives. Auto/Defensive Driving was conducted in 1993 and re-recommended in early 1994 (see attachment #3). This same recommendation is issued in county risk reviews. As far as civil rights/sexual harassment/personnel discipline/wrongful termination, that training has been scheduled for the year and has either been completed or will be. I will continue to have a flexible schedule and be need driven.

- E. AEC: County contact persons; It appears that a good network has been developed at this level as evident in the formation of the Loss Prevention Committee.* This committee needs to be expanded to include representation from various departments including hourly personnel as well as management.* The purpose of this committee should extend to the review of accidents and incidents within the county and to make recommendations to county management as to the preventability of the losses, as well as provide internal audits of their own facilities.* The UACIM Loss Prevention Staff should concentrate training efforts, as a consultant, to assure that these committees are well versed on proper methods. At this time, the time spent on training the current committee has minimum value because it does not reach to the source of the losses as efficiently as it will in the recommended format.

DLN: As I meet with the Loss Prevention Committee, during my risk review, I am recommending the mentioned expansion. Uintah County, for example, has already done that. I will continue to meet with and train the Loss Prevention Committee as well as the expanded committee.

- F. AEC: Loss Prevention Reports to the Board of Directors; I found that the reports seemed to be somewhat redundant from meeting to meeting, continuing to report on quite a few of the same issues.* A more detailed report to the Board should be issued by the Loss Prevention Staff and sent in advance of the Board meeting, to the Directors, enabling them sufficient time for review.

DLN: I will complete a more detailed report to the Board of Directors and send in advance of the meeting.

- G. AEC: Annual Reports to the membership; Appeared to be extremely brief and somewhat lacking in content.* Allow more time on the agenda for the Loss Prevention Report and assure that it contains detailed information that expresses the level of service that the members have available and the importance and impact of a positive Loss Prevention Program.

DLN: I will present a more detailed report and/or presentation to the membership at the annual meeting.

- L. AEC: List of Loss Prevention Goals and Objectives; Appeared to be addressing the necessary issues in the broad form that would be expected.* Emphasize that these are subject to change, maintain maximum flexibility, and make sure that these are published to the membership.

DLN: I agree and I will.

- M. AEC: List of classes and training provided to the UACIM Loss Prevention Manager; There was no training for this person identified at this time.* The Loss Prevention Staff must have continuing education to enable them to remain current on new regulations, requirements, and methods.

DLN: I will submit requests to attend appropriate training.

- N. AEC: Loss Prevention Reference Manual; Not currently complete.* Complete and issue at least one copy to all members. Implement an ongoing review and update program for the manual.

DLN: I will continue to work with Harry Bowes on this project and implement.

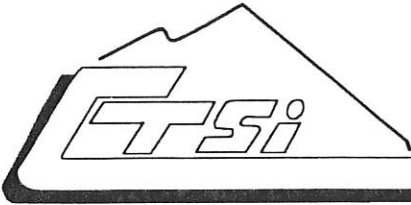
- O. AEC: Loss Prevention Budget; As stated by Dave, he has no input on the budget process and he is unaware of the total budget for the Loss Prevention function.* The Loss Prevention Manager should be required to submit an annual budget outlining the needs, projected functions, and justifications for the requests. In addition he should be held accountable for expenses of the Loss Prevention functions.

DLN: I will implement. A complete proposed budget for 1995 will be presented to Brent by August 31, 1994.

- P. AEC: Loss Prevention reminders; not currently in existence.* Determine and issue annual Loss Prevention reminders in the form of stickers for vehicles (seatbelt, safety, accident reporting procedure) as well as posters to facilitate posting Loss Ratios in the counties, electrical plug covers and other items that provide a needed function and provide Loss Prevention visibility.

DLN: I will implement as part of the 1995 budget.

I do not agree with all that was written in the last paragraph on page four as it relates to my performance. I will, however, implement the needed changes as directed by the UACIM Administrator and Board of Directors.



County Technical Services, Inc.

RECEIVED JUL 26 1994

July 19, 1994

L. Brent Gardner, Executive Director, Utah Association
4021 South 700 East, Suite 180
Salt Lake City, Utah 84107

Dear Brent:

I appreciated the opportunity to again work with the Utah Association and your staff in facilitating the requested audit of some of UACIM Mutuals Loss Prevention Programs. As you are aware, all of the programs and policies interrelate to various degrees so some of my observations and comments might also include other areas of responsibility.

During the audit process July 12, 1994 through July 14, 1994, I reviewed several key documents and participated in an on-site audit of a Road and Bridge facility and Public Safety facility in Utah County. My observations and recommendations are as follows:

- A. Last quarter and annual loss reports; These reports indicate that the losses were in GL, Civil Rights, Auto, in this descending order of severity. * There was no Loss Analysis Report which is critical to identify areas of specific loss, both frequency and severity, and to help determine loss trends. In addition, there were no Loss Ratio reports and Loss Ratio line graphs. These should be developed and given to the counties on a quarterly basis as well as being incorporated into the Loss Analysis presentations that are given to the county contacts and Loss Prevention Committees, on a quarterly basis, and to the Board of County Commissioners at a minimum of an annual basis during their County Commission Meeting (part of their agenda).
- B. Loss Prevention Recommendations; In reviewing several of these and the proposed "Standard Recommendations", I found these to be technically sound although * I thought that there was a lack of vehicle specific audits and recommendations and recommendations requiring emergency procedures and training. * Also, there was no supportive data (excerpts from various codes, regulations, etc.) as attachments to insure credibility of the recommendations.* Recommendations should be used to identify and put members on

notice as to areas of loss prevention concern. The Loss Prevention Representative cannot be the Safety Cop assuring 100% compliance of all recommendations, nor should he prioritize the recommendations. Also, a standard cover letter with a disclaimer (to protect the Mutual) and an expected response time as well as a follow-up system and a second notification with a determined response time should be sent to the BOCC Chair in the event of no response on the initial mailing of recommendations.

- C. List of mandated Loss Prevention requirements; None were found to exist at this time as mandated from the Board.* Consideration should be given to at least certain minimum requirements for each member such as, Safety Policy Statement, Seat Belt Policy (mandatory use), Drug Free Workplace Policy, Sexual Harassment Policy.
- D. Loss Prevention Schedule for 1994; A number of proposed training sessions were defined in this document, although there were no training sessions concerning areas of high loss such as Auto and Civil Rights. * This schedule needs to be established as a basic guide and it needs to become extremely flexible and need driven, due to loss development.
- E. County contact persons; It appears that a good network has been developed at this level as evident in the formation of the Loss Prevention Committee. * This committee needs to be expanded to include representation from various departments including hourly personnel as well as management.* The purpose of this committee should extend to the review of accidents and incidents within the county and to make recommendations to county management as to the preventability of the losses, as well as provide internal audits of their own facilities. * The UACIM Loss Prevention Staff should concentrate training efforts, as a consultant, to assure that these committees are well versed on proper methods. At this time, the time spent on training the current committee has minimum value because it does not reach to the source of the losses as efficiently as it will in the recommended format.
- F. Loss Prevention Reports to the Board of Directors; I found that the reports seemed to be somewhat redundant from meeting to meeting, continuing to report on quite a few of the same issues. * A more detailed report to the Board should be issued by the Loss Prevention Staff and sent in advance of the Board meeting, to the Directors, enabling them sufficient time for review.
- G. Annual Reports to the membership; Appeared to be extremely brief and somewhat lacking in content. * Allow more time on the agenda for the

Loss Prevention Report and assure that it contains detailed information that expresses the level of service that the members have available and the importance and impact of a positive Loss Prevention Program.

- H. List of training, both regional and within the county; Some training on pertinent subjects have been given, more on a regional basis and predominantly by sources other than UACIM Loss Prevention. * The format of training needs to be expanded by the UACIM Loss Prevention Staff to include a concentration of training within the counties at all levels, to include specific training as identified by loss experience such as Defensive Driving (CEVO Police, Maintenance Vehicle Operator, Ambulance, Coaching the Experienced Driver) Civil Rights, and areas of General Liability and Property. This will allow for more direct awareness at the source, concerning cost, preventability, accountability, and to educate all personnel as to what the Mutual is all about.* In addition, this will provide quality training to members that otherwise cannot afford it but still pose an equal risk to the Mutual. Also, sources for regional training should be identified that are available at minimum (expenses only) or no cost, such as the Attorneys that provide your Claims Defense, Federal Agencies, etc. This would allow for additional uses of limited resources. Certificates of training completion should be issued to all participants by the UACIM Loss Prevention Department.
- I. Bylaws as they pertain to the implementation of Loss Prevention Programs by the members; As they currently stand, the responsibility rests with the Board. * Consideration should be given to include language extending authority for implementation to the UAC CEO and the UACIM Loss Prevention Manager.
- J. Loss Prevention resource and training materials and aids; There appears to be extremely limited reference and training materials. * An ongoing review and purchase program of reference and training programs needs to be implemented and funded.
- K. Minutes from Loss Prevention and Personnel Committees; Those minutes (reports) that were available indicated a lot of the same material being discussed at each meeting. * As stated previously, an expanded committee with proper training and a varying agenda will increase the productivity and impact of this function.
- L. List of Loss Prevention Goals and Objectives; Appeared to be addressing the necessary issues in the broad form that would be expected. * Emphasize that

these are subject to change, maintain maximum flexibility, and make sure that these are published to the membership.

- M. List of classes and training provided to the UACIM Loss Prevention Manager; There was no training for this person identified at this time. * The Loss Prevention Staff must have continuing education to enable them to remain current on new regulations, requirements, and methods.
- N. Loss Prevention Reference Manual; Not currently complete. * Complete and issue at least one copy to all members. Implement an ongoing review and update program for the manual.
- O. Loss Prevention Budget; As stated by Dave, he has no input on the budget process and he is unaware of the total budget for the Loss Prevention function. * The Loss Prevention Manager should be required to submit an annual budget outlining the needs, projected functions, and justifications for the requests. In addition he should be held accountable for expenses of the Loss Prevention functions.
- P. Loss Prevention reminders; not currently in existence. * Determine and issue annual Loss Prevention reminders in the form of stickers for vehicles (seatbelt, safety, accident reporting procedure) as well as posters to facilitate posting Loss Ratios in the counties, electrical plug covers and other items that provide a needed function and provide Loss Prevention visibility.

In conclusion; although this audit was performed on a very limited time frame, I believe it has identified several areas that need attention, on an ongoing basis, to assure the results that are desired and expected by the Mutual Board of Directors, the membership, and the UAC Staff. I have sent sample forms and documentation to Dave to help in the implementation of some of the suggestions. I had supplied most of these at the onset of working with UAC, unfortunately in assimilating the massive amount of information supplied, and the need to address multiple issues in starting the Loss Prevention Department and Services, some of the key elements haven't been implemented to date.

It is my opinion, and I have stated to you, Dave, and the Board, that I feel that the programs that have been implemented are of value and technically sound, as they apply to the efforts of reducing losses. Although I don't believe that Dave has performed at a level that I would have expected for a person in this position, only because of his lack of assertiveness and aggressiveness in defining to you and the UACIM Board what is needed to assure the


continual improvement and the success of the Loss Prevention Service, I do believe that Dave is capable of the expected performance level and that these expectations should be expressed in blunt detail to him.

It is also my opinion that to attain the level of Loss Prevention results that are necessary, you need to maximize the presence of the UACIM Loss Prevention Staff in the member counties (a minimum of four times a year). This, as well as the necessary changes in the program structure (training etc), will require the addition of one more "qualified" Loss Prevention Staff person. I feel at this proposed staffing level you would have adequate staff to address the necessary functions of your Loss Prevention program.

Unfortunately this type of audit is primarily to identify areas of concern and to determine program improvement, because of this they become somewhat negative in nature. I would however like to commend you, your staff, and the UACIM Board of Directors on the programs, policies, procedures, and operation that have been implemented. Considering the monumental task of the type of undertaking that you all have committed to, it is extremely easy to lose sight of all of the positive accomplishments that have produced great benefits to the members at this point and will continue to produce unparalleled dividends in the future.

Again, it was my pleasure to assist you, and if I can be of any further assistance in the future please don't hesitate to contact me.

Sincerely,



Allen E. Chapman
CTSI Loss Prevention Manager

* Recommended change, addition, or improvement



State of Utah

INSURANCE DEPARTMENT

Michael O. Leavitt
Governor
Robert E. Wilcox
Commissioner

State Office Building, Room 3110
Salt Lake City, Utah 84114-6901
(801) 538-3800

August 5, 1994

All Admitted Insurers:

The 1994 Utah Legislature enacted HB No. 76, the "Insurance Fraud Act," which became effective July 1, 1994. We commend the legislature for providing a valuable tool to help fight this crucial battle. We also recognize the efforts of many companies that supported the effort to pass this bill and thank you for that support.

Enclosed is the statement for your first year assessment that will provide the funding for the Insurance Fraud Unit that is currently being staffed and equipped. This money can only be used for this purpose and we will work hard to spend it wisely. In the future the due date for this fee will be July 1st and the amount will be based on premiums in the preceding calendar year.

We appreciate the efforts that you have put forth as individual companies in fighting fraud and regret that we have had such limited ability to assist you. Now that we will have some ability to help, please do not curtail your own efforts but rather let us work together. We will now be able to act as a clearinghouse to accumulate data relating to insurance fraud and help your efforts be more effective.

In the near future you will see a small but effective fraud unit comprised of investigators that are experienced in insurance and white-collar crime, and a skilled and seasoned prosecutor. We will provide a "Fraud Hot Line" to solicit information on insurance fraud from throughout the state and collect that information into a fraud data base.

In summary, we take very seriously the responsibility that we have to spend your money in the most effective way possible to reduce the big bite that insurance fraud is taking out of insurance premiums. Thank you for your cooperation.

Respectfully,

Robert E. Wilcox, ASA, MAAA, FCA
Consulting Actuary



RECEIVED SEP 9 1994

UTAH DEPARTMENT OF INSURANCE
3110 State Office Building
Salt Lake City, UT 84114

August 5, 1994

Insurance Fraud Act - Assessment for Fiscal Year 1995

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL -84353
4021 SO 700 EAST, STE 180
SALT LAKE CITY UT 84107

In order to implement the provisions of HB 76 Insurance Fraud Act in accordance with Chapter 31A-31-108, Section 31-1-109 and Section 76-6-521, the commissioner may assess each admitted insurer and each nonadmitted insurer transacting insurance in the State of Utah.

All money received by the state under this section shall be deposited in the General Fund as a nonlapsing dedicated credit of the Insurance Department for the purpose of providing funds to pay for any costs and expenses incurred by the Insurance Department in the administration, investigation, and enforcement of the provisions of the above chapters. As used in this section, "Utah risks" means insurance coverage on the lives, health, or against the liability of persons residing in Utah, or on property located in Utah, other than property temporarily in transit through Utah.

The annual fee to be assessed is as follows:

- (a) \$50 for an insurer with total premiums for Utah risks of \$1,000,000 or less;
- (b) \$175 for an insurer with total premiums for Utah risks of less than \$2,500,000 but more than \$1,000,000;
- (c) \$375 for an insurer with total premiums for Utah risks of less than \$5,000,000 but more than \$2,500,000;
- (d) \$750 for an insurer with total premiums for Utah risks of less than \$10,000,000 but more than \$5,000,000;
- (e) \$3,000 for an insurer with total premiums for Utah risks of less than \$50,000,000 but more than \$10,000,000; and
- (f) \$7,500 for an insurer with total premiums for Utah risks of \$50,000,000 or more.

YOUR TOTAL DIRECT PREMIUMS WRITTEN FOR 1993 WAS \$1,443,761;

THEREFORE, YOUR FRAUD ASSESSMENT IS \$175.

Please remit that amount made payable to the Utah Insurance Department with the original copy of this notice no later than September 16, 1994.



**UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION**

**August 25, 1994
UAC Offices, Salt Lake City**

- Members Present:** Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner
Gary Sullivan, Beaver County Commissioner
- Members Absent:** Max Adams, Uintah County Commissioner
Sid Groll, Cache County Sheriff
Dixie Thompson, Emery County Commissioner
- Others Present:** Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
David Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Harry Bowes, UACIM Consultant
Doug Alexander, AIMS Branch Manager

Executive session was held to discuss the Litigation Committee and Claims Report.

